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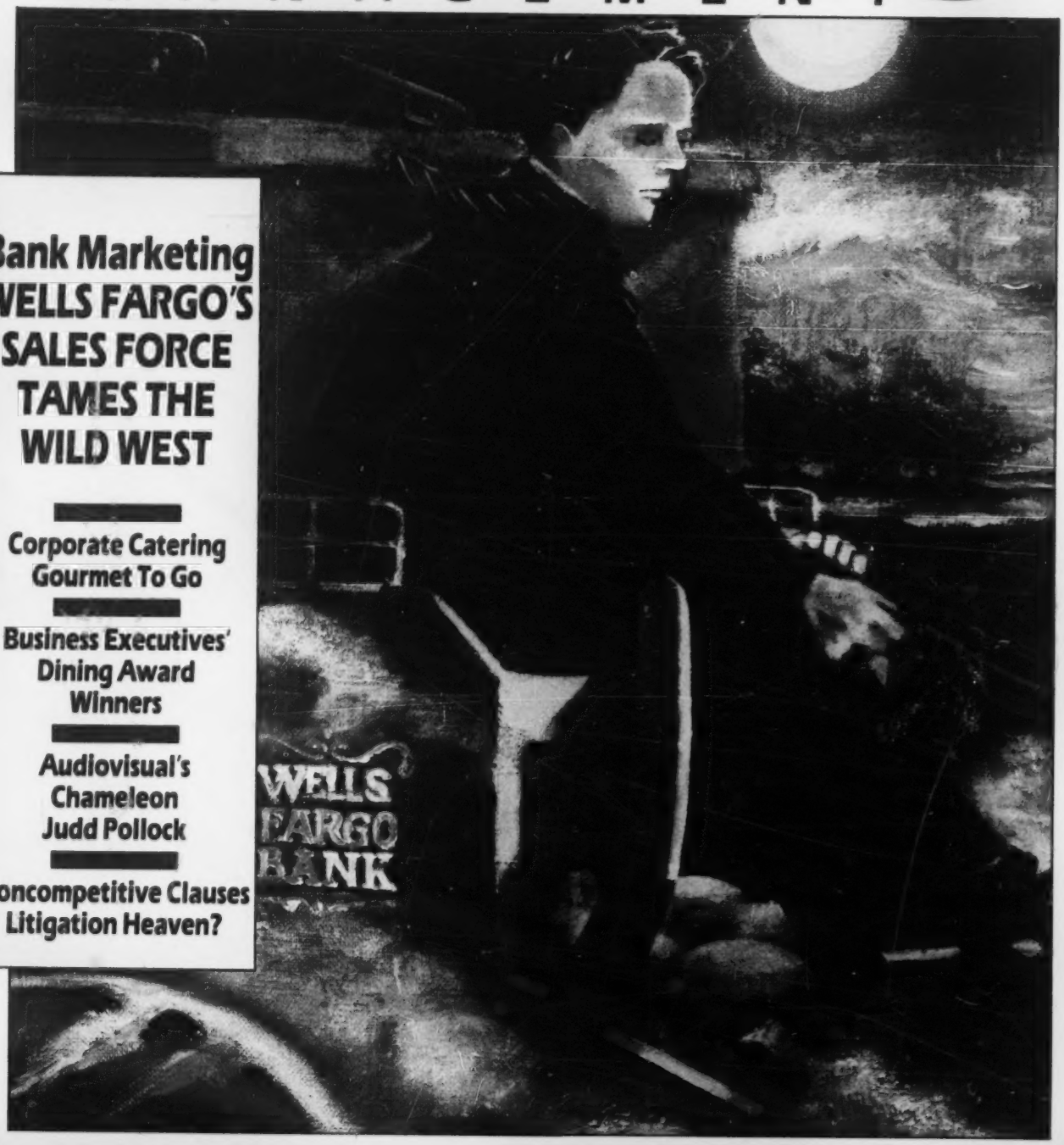

Bank Marketing
WELLS FARGO'S SALES FORCE TAMES THE WILD WEST

Corporate Catering
Gourmet To Go

Business Executives' Dining Award Winners

Audiovisual's Chameleon Judd Pollock

Noncompetitive Clauses
Litigation Heaven?

Sales and Marketing MANAGEMENT

Established 1918

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Aggressive selling? Commissions? At a bank? Concepts that were considered taboo at top financial institutions just a few years ago are now the hot words in a deregulated banking industry that invites out-of-state competition and encourages K mart to peddle CDs. Page 38.

Cover illustration: Frank Sargenti

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costs 25¢ cents an hour per unit to operate and can save users the $22,000 average salary normally paid to a computer-terminal or switchboard operator. Because of this, he says, the Infobot system is guaranteed to pay for itself within six months; one user (Federal Express) reports that the system paid for itself in just 11 days.

The biggest payoff for most users, however, has been the drop in customer complaints about being put on hold. With Syntellect, customers calling to check on their bank balances or credit limits can receive this information directly by hitting certain keys on their touch-tone telephones, instead of being put on hold and "entertained" ad nauseam by Muzak or local AM radio stations.

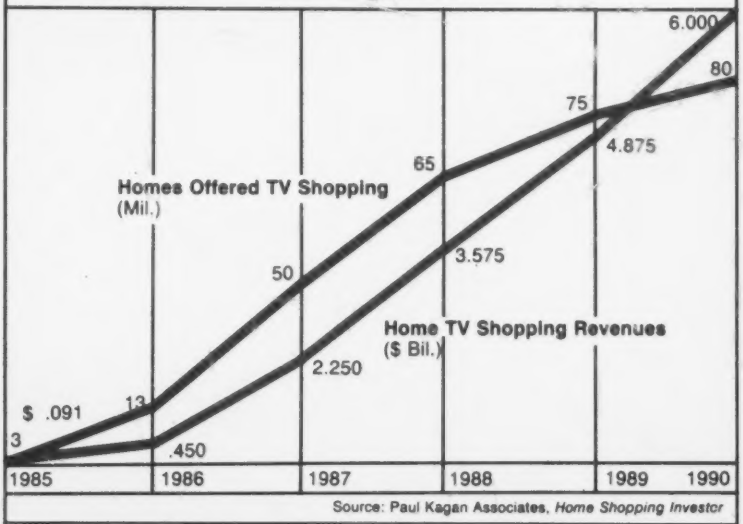
S&MM's second annual PC forecast

Las Vegas dream gets no respect

The euphoria PC vendors were caught up in at their annual Comdex blowout in Las Vegas last November gets little support from the research firms they rely on for strategic advice. Their consensus forecast, in *Sales and Marketing Management's* second annual PC outlook roundup, calls for a 15.8% increase in 1987 unit shipments in the U.S. market, virtually unchanged from last year's 15.6% rise. The plateau will intensify market-share wars, bankrupt many vendors whose margins are wafer-thin,

Market highlight

TV home shopping: Retail's hottest pitch



Source: Paul Kagan Associates, *Home Shopping Investor*

With Sears and several other major retailers testing this latest wrinkle in electronic retailing, TV home shopping will quadruple its sales volume to more than $2 billion this year, according to Paul Kagan Associates, Carmel, CA. Cable operators, desperate for new revenue sources as subscribers resist premium pay services, will latch on to the new sales medium, raising the number of TV shopping homes to 50 million (vs. 13 million last year).

and spur the search for market niches where no one contender is dominant.

Of course, each research firm has its own parameters for measuring PC shipments. Gartner Group, for example, tracks single-user PCs, while the Yankee Group monitors business-type desktops. Thus, year-to-year percentage changes mirror industry conditions more faithfully than shipment totals.

Among the significant trends to watch in 1987:

1. Clones—The IBM look-alikes fattened their share of the IBM-and-compatibles market from 48.7% in 1985 to 56.8% last year, according to Jan Lewis editor of *Computer Insider*. Lewis thinks the debut of an IBM "clone-killer" this year may stop market erosion.

2. 386s—The new-generation machines will be gobbled up by power junkies hooked on computer speed, but overall market impact will be limited. As Dataquest analyst Peter Tiege notes, corporate buyers will await IBM's move.

3. Distribution shakeup—The Hyundai-made $699 IBM clone marketed by Blue Chip Electronics (see page 26) through mass merchandisers will enhance this channel's importance, says John McCarthy, research manager of Forrester Research, Boston, and "pose a serious challenge to computer dealers at the low end of the market."

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Direct marketing

Shop at home and save

Catalogue retailers report that sales this winter are up nearly 40% over last year. The reason, say marketers, is the ever-increasing segment of working mothers.

GRI Corp., a Chicago-based direct marketing firm, is poised to catch the current buy-at-home fever. Although not a catalogue company, GRI markets consumer products such as cosmetics, groceries, and other household goods through continuity clubs, in which members receive selected items every seven to eight weeks. To get started, customers are offered their first package for a nominal fee, with follow-up packages delivered on a regular schedule.

After reporting losses in both 1984 and 1985, GRI is now back in the black as of 1986, with revenues exceeding $65 million.

Most of GRI's customers, says Rubin, are women looking for

As sales plateau

Research Firm	Units Shipped (000) 1987	1986	% Gain 1986-87
Dataquest	7,900	7,100	+11.3%
Gartner Group	5,100	4,300	+18.6
InfoCorp	6,832	5,468	+24.9
International Data Corp.	7,414	6,633	+11.8
Link Resources	8,682	7,814	+11.1
Yankee Group	7,400	6,100	+21.3
Average	**7,221**	**6,235**	**+15.8**

. . . business market lags

Market Sector			
Business	3,482	3,254	+ 7.0%
Home	4,386	3,881	+13.0
Education	814	679	+19.9

Source: Link Resources

. . . and clones peak

IBM	1,500	1,360	+10.3%
Clones	2,060	1,790	+15.3

Source: Palo Alto Research Group

Research firms' consensus 1986 forecast of 15.4% rise was remarkably close to actual 15.6% gain. Clones' phenomenal 60% upsurge in 1986 will fall off dramatically this year.

"In a period of about one hour we developed a mini P&L containing all the necessary variables. Then, we played 'what if,' inserting the changes on our PCs and seeing the resulting P&L. Forty-five minutes later we had results in hand and a best option to proceed with."

The senior manager is the key to how useful the PC will be for marketers, Kelliher stressed. "The senior manager must see how the PC will help his people and then set the pace. He must make sure that the EDP system is set up to serve the user and not the computer professionals, and that support personnel are available all the time to answer questions. He must also make sure that those who avoid using the computer will know they'll soon be left behind."

Computer highlight

Why PC sellers think small

While one out of four establishments had a PC at year-end 1985, the penetration by size of unit shows a remarkable range. According to the Gartner Group's COMTEC Market Research Program, the high-end market (establishments with 1,000 or more employees) is saturated, with 96% penetration, but only 18% of the units with less than 10 employees have acquired their first PC.

"Big business views computerization as high priority," says COMTEC publisher Richard Cryer, "and looks on the PC as a productivity tool for the professional white-collar worker." Based on interviews with 35,000 executives from 8,000 companies, Cryer estimates there are 5.4 million PCs in the total universe of 6.6 million non-farm, non-residential establishments. He forecasts that in the

PC Penetration . . .

By establishment size

Number of employees	% with PCs
0-9	18%
10-19	35
20-49	45
50-99	51
100-249	62
250-499	80
500-999	89
1,000 or more	96

. . . industry

Industry sector	% Penetration
Banking, finance, insurance	48%
Engineering, legal, consultants	41
Manufacturing: Goods, materials	28
Equipment, machinery	40
Education	34
Government	30
Social and religious organizations	23
Transportation, utilities	22
Wholesale trade	22
Mining, construction, contracting	21
Auto dealers, hotels, real estate	15
Retail trade	13

. . . and in the office

Equipment	% of Total Equipment 1986	1990
PCs	39.0%	9.5%
Terminals	22.0	47.6
Word processors*	18.0	8.8
Copiers**	18.0	31.3
Fax & telexes	3.0	2.8

*Includes electronic typewriters.
**Includes duplicators and printing devices.

Source: Gartner Group, *COMTEX Personal Computer Market Report: Third Wave*
*Sales and Marketing Management

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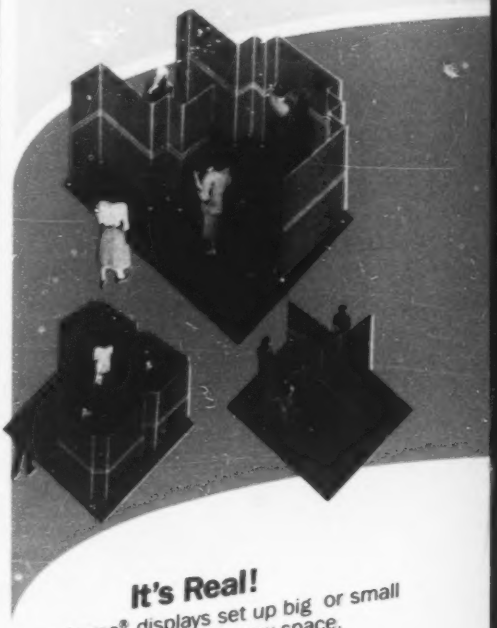

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1986–87 period, 240,000 PCs will be scrapped and an additional 2.3 million will be bought.

The ubiquitous PC is now the most prevalent office automation tool, accounting for 39% of the installed base of such devices vs. 22% for terminals, the previous leader.

This year's PC hot button: Desktop publishing

The PC industry's buzzword this year will be desktop publishing (DTP). Once a marketing hype of Apple Computer as that company tried to win corporate acceptance for its Macintosh, DTP growth is now spurred by: (1) cheaper laser printers and scanners, (2) economical graphics software, and (3) the natural tendency of PC users to find new applications for their machines.

Ajit Kapoor, Dataquest's director of electronic publishing market analysis, chaired a recent seminar given by the San Jose research firm on DTP and notes that "just as data processing marked the 1960s and text/word processing the 1970s, so will image processing characterize the 1980s. Whether you call it PC-based publishing, desktop publishing, or office publishing, the underlying message is that PCs are becoming powerful enough to do data-intensive image assembly."

Sales departments are targeted as good prospects by vendors of DTP configurations. Their reasoning: PC-based DTP gives sales executives in-house capability for generating such things as newsletters sent to customers/prospects, on-demand sales presentations, complex bid proposals, price list changes, product and promotion literature, and manuals (especially where frequent updates are required).

However, a couple of hurdles confront sales departments anxious to exploit DTP. For one thing, corporate in-house print shops will resist losing part of their turf, just as MIS departments fought sales departments acquiring their own PCs. For another, most of the text, data, and graphics is currently stored on IBM PCs or mainframes, and not all DTP configurations can communicate with those machines.

Also in question is IBM's strategy for DTP. Last July, Big Blue targeted the DTP market when it created Publishing Systems as a new independent business unit, with its own board of directors and authority to make and implement business decisions. Merry L. Quackenbush, IBM's director of media industry and publishing systems, speaking at the Dataquest seminar, said the new unit will issue "a statement of directions" and release its first new products this month.

Not everyone is convinced the DTP era has arrived. Analyst Jean Buffham, of International Resource Development, Norwalk, CT, dubs it "glorified word processing" and insists that DTP will be held back until the output resolution of laser printers is lifted from today's 300 dpi (dots per inch) to at least 1,000.

DTP's rosy future

Units Shipped	1986 (000)	1987 (000)	1990 (000)
PCs	37	220	1,983
Laser printers	12	133	767
Scanners	2	36	670
Software	37	203	1,556
Unit Total	88	592	4,976
System Revenue ($Mil.)	$147.1	$748.9	$4,884.5

Source: Dataquest, Electronic Publishing Market Analysis service.

Order errors cut by Apple's Mac

Besides speeding up the order-processing cycle, the PC also removes the errors inherent in handwritten orders, Gerald T. Devlin, sales support director, Apple Computer, told the Conference Board's recent annual marketing conference. Tackling what Devlin calls the "under-recognized problem of the back and forth necessary when sales orders are written up with mistakes," the Cupertino, CA, computer company will install "an on-line order form, whereby the sales representative calls up the form on his Macintosh screen.

"As he enters each item, the system automatically fills in the correct price and extends the figure to show the line total. It alerts him if he errs in the parts number, say, or the date. When he's got all the items entered, the system computes the total, adding the appropriate tax and shipping and handling costs, and shows him the grand total. He then goes on AppleLink—the company's internal communication network that links headquarters, field sales, dealers, and major customers—and in five minutes the order is on file."

Noting that AppleLink was developed primarily as a sales support tool, Devlin said it's helping the company's transition to a team-selling approach by speeding up communications between the salesperson, sales support analyst, marketing support rep, and systems engineer. "The system paid for itself in the first nine or ten months," he said.

Bytes

Reality Technologies, Philadelphia, introduces Business Strategist, application software that uses simulation techniques to model business operations and marketing strategies. President Mark Goldstein claims it's "the first time such simulation has been available for PCs." Reality also provides case histories of leading competitors for five industries: computers, oil and gas, breweries, automobiles, and pharmaceuticals. It hopes to develop 60 more this year. The software runs on IBM PC/XT or AT and compatibles and requires 384K memory and PC-DOS 2.0 or higher. Cost: $249.95.

National Brand Scanning, New York City, now provides on-line access to its database of retail scanning data collected from 1,000 supermarkets in 16 ADI (Areas of Dominant Influence) TV markets. The company hopes to have 1,200 outlets in 35 major ADIs signed up by year's end, says Dr. Melvin Prince, vice president of research and technical services.

Thayer C. Taylor, Senior Editor